

AGN. NO. _____

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

JULY 24, 2012

RESTRUCTURING OF NOTE WITH AVALON-CARVER COMMUNITY CENTER

On March 14, 2006, the Board of Supervisors authorized the Chief Executive Officer (CEO) to negotiate terms of an amended promissory note (Note) and deed of trust (Deed of Trust) with Avalon-Carver Community Center (ACCC) for a 26,822 square foot former Los Angeles County (County) facility located at 4920 Avalon Boulevard, Los Angeles (Property) purchased by ACCC from the County in 2004 for the sum of \$586,500. Throughout the years, ACCC has attempted to make payments in accordance with the mortgage terms. However, a decrease in state funding has left ACCC with arrearages on the previous note in the approximate amount of \$50,876. ACCC has honored its other obligations since their purchase of the property, including installing a new roof on the building and continuing to provide social services that are necessary to meet the social needs of the surrounding community.

ACCC has offered a full range of direct and supportive services at the Property such as job training, addiction treatment and prevention programs to individuals and

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families in South Central Los Angeles, whose lives have been severely disrupted by the use of alcohol and other addictive substances.

Recently, representatives from ACCC approached the County with a request to modify the terms of the existing Note and Deed of Trust and waive arrearages in the approximate amount of \$50,876. As represented by ACCC staff, this request is a result of recent drastic decreases in state funding available for the services provided by ACCC. This has resulted in ACCC having to use an increasing percentage of funds available to service the County mortgage at the expense of funding the public service programs provided by ACCC. The specific request by ACCC is to lower the monthly payments to \$1,000 for a new 30-year term. Such a scenario could be accomplished if the loan was recomputed on a zero interest basis for 30 years, with the approximate final balloon payment of \$226,500 due in July 2042.

The County, in return for agreeing to a new re-structured Note, will require the following new terms and conditions to be inserted into the Note and Deed of Trust: 1. At all times and under all conditions, the Property shall be continuously owned and operated by a non-profit community service organization providing programs that serve public purposes and benefit the community; and 2. In the event the Property is sold, the County shall be entitled to 50% of the gross sales proceeds.

**THEREFORE, AS AUTHORIZED BY GOVERNMENT CODE SECTIONS 25522
AND 26227, I MOVE THAT THE BOARD:**

1. Find that execution of the amended note in the amount of \$586,500 to ACCC for the continuing development and use of the Property to provide a full range of job training, alcohol and drug treatment, and mental health services to individuals and families will serve public purposes.
2. Authorize the Chief Executive Officer (CEO) to negotiate terms of an amended Promissory Note and Deed of Trust which will include: 1.) a new 30-year term with payments of \$1,000 per month for a period of 360 months; 2.) waive arrearages in the approximate amount of \$50,876; 3.) deed restrict the Property so it shall be continuously owned and operated by a non-profit community service organization providing programs that serve public purposes and benefit the community; and 4.) deed restrict the Property so that if the Property is sold, the County shall be entitled to 50% of the gross sales proceeds.
3. Instruct the CEO to execute the amendments to the Deed of Trust and associated Promissory Note, subject to approval by County Counsel, and authorize CEO to execute any other related documents that may be necessary to carry out the purposes of this motion after review and approval by County Counsel.

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